

## Message Text

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66

ACTION EB-07

INFO OCT-01 EUR-12 EA-07 ISO-00 STR-04 INT-05 COME-00

CIAE-00 INR-07 NSAE-00 /043 W  
----- 059157

R 081637Z JUL 76

FM AMEMBASSY ROME

TO SECSTATE WASHDC 8727

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

USMISSION EC BRUSSELS UNN

AMCONSUL GENOA UNN

AMCONSUL TURIN UNN

AMCONSUL MILAN

AMCONSUL NAPLES

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E.O. 11652: N/A

TAGS: ETRD, EIND, EEC, IT

SUBJECT: SPECIALTY STEEL CONTROLS

REF: (A) STATE 160166, (B) ROME 10796

1. EMBASSY WAS RECENTLY APPROACHED BY FIAT (STEEL PRODUCTION  
DIVISION - TEKSID) REQUESTING THAT USG REVISE PROVISIONS  
RELATING TO SPECIALTY STEEL CONTROLS. FIAT REPS COMPLAINED  
THAT CURRENT REGULATIONS, WHICH ASSIGN A SINGLE QUOTA TO  
THE EC MEMBER STATES ON BASIS OF HISTORICAL PERFORMANCE,  
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DISCRIMINATE AGAINST POSSIBLE NEW ENTRANTS TO THE US

SPECIALTY STEEL MARKET. FIAT BELIEVES EC WILL ALLOCATE QUOTAS TO INDIVIDUAL COUNTRIES AND/OR EXPORTERS ON THE BASIS OF HISTORICAL EXPORTS EXCLUDING ANY POSSIBILITY FOR NEWCOMERS TO ENTER US MARKET. FIAT ASKS THAT THE USG CONSIDER ESTABLISHING A SPECIAL QUOTA FOR POTENTIAL NEW ENTRANTS TO US MARKET.

2. FIAT CONCERN STEMS FROM (A) RECENT DECENTRALIZATION OF THE COMPANY WHICH INTER ALIA GIVES EACH INDIVIDUAL DIVISION GREATER RESPONSIBILITY FOR SALES AND PROFITS OUTSIDE FIAT ORBIT AND (B) RECENT FIAT MOVES TO INCREASE ITS SPECIALTY STEEL PRODUCTION POSSIBILITIES. IN 1974, FIAT PRODUCED 621 THOUSAND M.T. OF SPECIALTY STEELS (APPROXIMATELY 20 PERCENT OF ITALIAN OUTPUT). ECONOMIC PRESS INDICATES THAT FIAT IS ENGAGED IN MAJOR EXPANSION OF ITS OWN SPECIALTY STEEL FACILITIES AND IS CONTEMPLATING FORMATION OF JOINT VENTURE WITH COGNE, AND BRED A, BOTH PARTY OF GOVERNMENT HOLDING COMPANY EGAM (APPROXIMATELY 18 PERCENT OF ITALIAN OUTPUT).

3. FIAT REPS ADMIT THAT FIAT WILL BE UNABLE TO ENTER US MARKET PRIOR TO EXPIRATION OF USG SPECIALTY STEEL CONTROLS; HOWEVER, FIAT ASKS THAT ITS PROPOSAL BE CONSIDERED ON GROUNDS OF PRINCIPLE.

4. EMBOFF EXPLAINED BASIS OF USG ACTION, NOTING TEMPORARY AND TRANSITORY NATURE OF QUOTAS AND STRESSING POINT THAT GIVEN QUOTA HAD BEEN ASSIGNED TO EC, WHICH WAS ENTIRELY RESPONSIBLE FOR ANY DIVISION BETWEEN COUNTRIES AND SUPPLIERS. USG INTEREST LIMITED TO INSURING THAT EC DID NOT EXPORT AMOUNT IN EXCESS OF QUOTA. EMBOFF EMPHASIZED THAT FIAT'S REQUEST SHOULD MOST PROPERLY BE TAKEN UP WITH GOI AND EC OFFICIALS IN BRUSSELS WHO PRESUMABLY WILL HAVE ULTIMATE RESPONSIBILITY FOR ALLOCATING QUOTAS AMONG VARIOUS MEMBER COUNTRIES AND PRODUCERS. NONETHELESS, EMBOFF ADDED THAT THIS DID NOT PRECLUDE USG CONSIDERATION OF FIAT REQUEST BUT THAT, IN EMBOFF'S OPINION, USG RESPONSE IS VIRTUALLY CERTAIN TO BE NEGATIVE. FIAT REPS INDICATED THEY UNDERSTOOD USG POSITION AND SAID THAT EC OFFICIALS WOULD BE APPROACHED AS WELL. FIAT REPS FOLLOWED UP VISIT WITH REQUEST FOR WRITTEN STATEMENT OF USG POSITION.

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5. EMBASSY PLANS WRITTEN RESPONSE TO FIAT REQUEST ALONG EMBOFF'S ORAL PRESENTATION REFERRED TO IN PARA 4 ABOVE AND WOULD APPRECIATE ANY ADDITIONAL GUIDANCE DEPARTMENT MAY WISH TO PROVIDE. FIAT HAS A FURTHER PROBLEM INVOLVING LACK OF GOI MECHANISM FOR CERTIFYING NON-USAGE OF CUBAN NICKEL (REF B) WHICH IS POTENTIALLY MORE SERIOUS IMPEDIMENT TO EVENTUAL FIAT EXPORTS OF SPECIALTY STEELS TO US THAN PRESENT QUOTAS. VOLPE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
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**Concepts:** POLICIES, AUTOMOTIVE INDUSTRY, LOBBYING, TARIFFS, TRADE CONTROLS, STEELS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 08 JUL 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** BoyleJA  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Document Unique ID:** 00  
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**Film Number:** D760264-0366  
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